

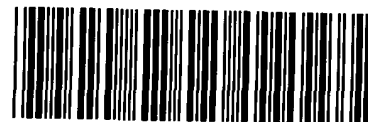
Diaverum UK Limited

**Strategic Report, Directors' Report and
Financial Statements**

Registered number 06614923

31 December 2015

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Strategic Report

The directors set out below strategic issues pertaining to the year ended 31 December 2015 and the immediate future.

Principal activity

The Company's principal activity during the year was the provision of renal care in dialysis clinics.

Review of the business and future developments

The Company's core purpose is to save lives and improve the quality of life for the people it serves. Our business provides this through direct provision of dialysis care and treatment to chronic renal failure patients in our network of dialysis clinics. We hold contracts with acute NHS Trusts, who refer patients to us and provide medical supervision via their renal doctors. Our contracts for this service provision typically are agreed for a seven to ten-year term. Prices are set per treatment, and payment is made each month based on the total number of treatments conducted.

Business is secured through a process of open competitive tender. At the end of each contract term the NHS has the option to market test through an open tender process and thus may potentially change provider. Opportunities for growth are therefore twofold as we can apply for both completely new services and contract renewals of existing services, where nursing staff delivering the services typically transfer to Diaverum under TUPE rules.

Our business portfolio includes seventeen operational clinics. 2015 was another very positive year of development for the business. We were awarded a contract in 2014 to run dialysis services in Redditch on behalf of a leading NHS Trust in the West Midlands. We constructed a new clinic during 2014/2015, and opened the services in March 2015 treating approximately 38 new patients with excellent growth prospects. In addition we relocated an existing clinic in Crawley to a brand new expanded facility in January 2015 and increased capacity at our clinic in Harlow in May 2015. The addition of the new centre extends plus relocation and expansion in existing centres serves to increase our UK market share and places Diaverum in a clear number two market position.

Our success rate in tenders continues to be high, due to a number of factors, including: positive references from existing customers, competitive financial offer, and innovation. One key challenge is that current financial pressures within the NHS are making the market much more competitive and it is unlikely that this situation will change in the near future. NHS trusts tend to evaluate the tender proposals focusing mainly on affordability and value for money. Our contracts generally provide for an annual inflationary increase in the revenues but this only provides coverage for our increases in cost, and not profit improvement. The keys to our success in improving profitability for the business are twofold: (i) gaining additional patients through either new clinics or growth in existing clinics, thus providing more revenue per £ of overhead, and (ii) operational efficiencies and cost reduction programmes.

Principal risks and uncertainties

Our market is increasingly under pressure to consistently provide value for money to the NHS, whilst providing the highest medical quality to our patients, recruiting and retaining high quality nursing staff. Our key challenge is to continue to provide good value for money while maintaining our high quality standards, and this balance will be facilitated by our success at growing our patient base.

Key Performance Indicators ("KPIs")

The Company's management evaluates performance on an on-going basis paying attention to a large number of performance criteria. Included within this review are a number of Medical Quality KPIs, which are closely monitored through our patient data collection, to ensure we provide the highest quality dialysis treatment (for example, KT/V, Albumin, Calcium, Haemoglobin, etc.). During 2015 revenue per treatment was £43.71 (2014: £45.88), and the volume of treatments was 169,429 (2014: 113,710). Performance in 2016 is also expected to improve. The directors believe that continuing to focus on the above whilst recognising the need to remain dynamic and adaptable in its assessment of business opportunities will continue to produce a good level of performance.

By order of the board



M Hartnett
Director

28 September 2016

Bleinheim Gate
22 – 24 Upper Marlborough Road, St Albans
Hertfordshire AL1 3AL

Directors' Report

The directors present their report and the audited financial statements of Diaverum UK Limited (the "Company") for the year ended 31 December 2015.

Future developments and research and development activity

The future developments and research and development activities of the Company are provided in the strategic report and incorporated into the directors' report by cross-reference.

Going concern

The financial statements have been prepared on the going concern basis. The directors have received confirmation that the ultimate parent company, Diaverum Holding S.a.r.l. will continue to provide financial support to the company. The directors have satisfied themselves that the ultimate parent company has the available resources to provide those funds. This support will enable the Company to meet its liabilities as they fall due for the foreseeable future.

The financial statements do not include any adjustments that would result if the Company's ultimate parent company was to withdraw its financial support.

Dividend

The directors do not propose the payment of a dividend (2014: *nil*).

Directors

The following directors have held office during the year and up to the date of approval of these financial statements, unless otherwise stated.

Isaac Dossa

Michael Hartnett

The directors did not hold an interest in the share capital of the company at any time during the year.

A qualifying third party indemnity provision was in place for the benefit of the directors of the Company during the financial year and also at the date of approval of the financial statements.

Events after the balance sheet date

No events after the balance sheet date have been noted.

Disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M Hartnett
Director

28 September 2016

Blenheim Gate
22 – 24 Upper Marlborough Road
St Albans
Hertfordshire
AL1 3AL

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Diaverum UK Limited

We have audited the financial statements of Diaverum UK Limited for the year ended 31 December 2015 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of Diaverum UK Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'K Dunn'.

Kelly Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR

28 September 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2015

	<i>Note</i>	2015 £	2014 £
Turnover	2	7,418,778	5,243,907
Cost of sales		(6,757,801)	(4,573,918)
		<hr/>	<hr/>
Gross profit		660,977	669,989
Administrative expenses	3	(2,889,625)	(2,124,857)
		<hr/>	<hr/>
Operating loss		(2,228,648)	(1,454,868)
Interest payable and similar charges	6	(202,496)	(118,877)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(2,431,144)	(1,573,745)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
Loss for the financial year		(2,431,144)	(1,573,745)
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(2,431,144)	(1,573,745)
		<hr/>	<hr/>

The results above relate to continuing operations.

The notes on pages 9 to 18 form part of these financial statements.

Balance Sheet
at 31 December 2015

	<i>Note</i>	2015	2014
		£	£
Fixed assets			
Tangible assets	8	92,626	80,553
Intangible assets	9	60,055	-
		<hr/>	<hr/>
		152,681	80,553
Current assets			
Debtors	10	6,591,193	4,493,637
Cash at bank and in hand	11	-	9,230
		<hr/>	<hr/>
		6,591,193	4,502,867
Creditors: amounts falling due within one year	12	(6,740,252)	(4,348,654)
		<hr/>	<hr/>
Net current (liabilities)/assets		(149,059)	154,213
		<hr/>	<hr/>
Total assets less current liabilities		3,622	234,766
		<hr/>	<hr/>
Net assets		3,622	234,766
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	1	5,500,001
Profit and loss account	14	3,621	(5,265,235)
		<hr/>	<hr/>
Shareholders' funds		3,622	234,766
		<hr/>	<hr/>

The notes on pages 9 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on *28 September* 2016 and were signed on its behalf by:

M. Hartnett

M Hartnett
Director

Company registered number: 06614923

Statement of Changes in Equity

	<i>Note</i>	Called up share capital	Profit and loss account	Total equity
		£	£	£
Balance at 1 January 2014		3,500,001	(3,691,490)	(191,490)
Total comprehensive income for the period				
Loss for the financial year		-	(1,573,745)	(1,573,745)
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the period		-	(1,573,745)	(1,573,745)
		<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:				
Issue of shares	14	2,000,000	-	2,000,000
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2014		5,500,001	(5,265,235)	234,766
		<hr/>	<hr/>	<hr/>

	<i>Note</i>	Called up share capital	Profit and loss account	Total equity
		£	£	£
Balance at 1 January 2015		5,500,001	(5,265,235)	234,766
Total comprehensive income for the period				
Loss for the financial year		-	(2,431,144)	(2,431,144)
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the period		-	(2,431,144)	(2,431,144)
		<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity:				
Issue of shares	14	2,200,000	-	2,200,000
Capital reduction	14	(7,700,000)	7,700,000	-
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2015		1	3,621	3,622
		<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Diaverum UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Diaverum Holding S.a.r.l includes the Company in its consolidated financial statements. The consolidated financial statements of Diaverum Holding S.a.r.l are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes.

As the consolidated financial statements of Diaverum Holding S.a.r.l include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed further below.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have received confirmation that the ultimate parent company will continue to provide financial support. The directors have satisfied themselves that the ultimate parent company has the available resources to provide those funds. This support will enable the Company to meet its liabilities as they fall due for the foreseeable future. The financial statements do not include any adjustments that would result if the Company's ultimate parent company was to withdraw its financial support.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.10 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Leasehold improvements and equipment	-	over the lease term
Plant, machinery and exhibition equipment	-	3 to 10 years
Motor vehicles and computer equipment	-	3 years
Capitalised monitors	-	over the contract
Buildings	-	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Intangible fixed assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

1.7 Employee benefits

Pension contributions

The company contributes to the personal pension plans of certain employees only. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes (continued)

1 Accounting policies (continued)

1.8 Inventories

Stock, which comprises goods held for resale only, is valued at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.9 Turnover

The company's turnover is attributable to its principal activity being, the provision of renal care dialysis clinics.

Turnover from patient treatments is recognised in the period in which the treatment is performed. Turnover originates in the United Kingdom and represents net sales to customers excluding value added tax.

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

	2015 £	2014 £
Rental revenue	7,418,778	5,243,907
Total turnover	<u>7,418,778</u>	<u>5,243,907</u>

	2015 £	2014 £
By geographical market		
United Kingdom	7,418,778	5,243,907
	<u>7,418,778</u>	<u>5,243,907</u>

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2015 £	2014 £
Depreciation of tangible fixed assets	26,048	25,588
Amortisation of intangible fixed assets	1,939	179
Operating lease charges	<u>64,475</u>	<u>74,847</u>

Auditor's remuneration:

	2015 £	2014 £
Audit of these financial statements	18,240	11,000
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	5,840	5,840
Other tax advisory services	15,140	10,000
Group re-organisation	7,500	-
Audit-related assurance services	<u>3,600</u>	<u>-</u>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Nursing staff	200	138
Healthcare assistants	55	32
Administration	20	15
	<u>275</u>	<u>185</u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	7,059,554	4,621,935
Social security costs	671,779	425,087
Other pension costs	198,728	184,369
	<u>7,930,061</u>	<u>5,231,391</u>

5 Directors' remuneration

	2015 £	2014 £
Directors' remuneration	262,773	199,503
Company contributions to money purchase pension plans	29,331	22,510
	<u>292,104</u>	<u>222,013</u>

The aggregate of remuneration of the highest paid director was £172,284 (2014: £172,049), and company pension contributions of £17,471 (2014: £16,580) were made to a pension scheme on his behalf.

	Number of directors	
	2015	2014
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	<u>2</u>	<u>2</u>

6 Interest payable and similar charges

	2015 £	2014 £
Payable to group undertakings	<u>202,496</u>	<u>118,877</u>

Notes (continued)

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	£	2015 £	£	2014 £
<i>Current tax</i>				
Current tax on loss for the period	-		-	
	_____		_____	
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	-			
	_____		_____	
Total deferred tax		-		-
		_____		_____
Total tax		- =====		- =====

Reconciliation of effective tax rate

	2015 £	2014 £
Loss for the year	(2,431,144)	(1,573,745)
Total tax expense	-	-
	_____	_____
Loss excluding taxation	(2,431,144)	(1,573,745)
Tax using the UK corporation tax rate of 20.25% (2014: 21.49%)	(492,307)	(338,198)
Effects of:		
Expenses not deductible for tax purposes	2,970	3,523
Group relief surrendered	491,498	333,180
Impact of rate change on deferred tax	49,547	927
Fixed asset differences	448	(11,826)
Deferred tax not recognised	(52,156)	12,443
Other short term timing differences	-	(49)
	_____	_____
Total tax expense included in profit or loss	- =====	- =====

Deferred tax assets amounting to £446,208 (2014: £509,436) have not been recognised in respect of unutilised tax losses due to uncertainty over their future recoverability.

Factors affecting the tax charge for the year

The effective rate for 2015 is a weighted average of the applicable corporation tax rates during that year. The 21% rate was reduced to 20% from 1 April 2015.

Factors affecting the future tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional further planned reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020), which were substantively enacted on the 26 October 2015.

Notes (continued)

8 Tangible fixed assets

	Buildings £	Plant, machinery, computers and exhibition equipment £	Assets under construction £	Total £
Cost				
Balance at 1 January 2015	19,633	94,770	-	114,403
Acquisitions	12,366	16,631	9,124	38,121
Disposals	-	(1,859)	-	(1,859)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	31,999	109,542	9,124	150,665
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
Balance at 1 January 2015	(4,572)	(29,278)	-	(33,850)
Depreciation charge for the year	(4,236)	(21,812)	-	(26,048)
Transfers	410	(410)	-	-
Disposals	-	1,859	-	1,859
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	(8,398)	(49,641)	-	(58,039)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 1 January 2015	15,061	65,493	-	80,553
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	23,601	59,901	9,124	92,626
	<hr/>	<hr/>	<hr/>	<hr/>

9 Intangible fixed assets

	Software £	Assets under construction £	Total £
Cost			
Balance at 1 January 2015	2,148	-	2,148
Acquisitions	58,454	3,540	61,994
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	60,602	3,540	64,142
	<hr/>	<hr/>	<hr/>
Amortisation and impairment			
Balance at 1 January 2015	(2,148)	-	(2,148)
Amortisation for the year	(1,939)	-	(1,939)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	(4,087)	-	(4,087)
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2015	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2015	56,515	3,540	60,055
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Debtors

	2015 £	2014 £
Trade debtors	928,665	611,678
Prepayments and accrued income	112,429	81,344
Amounts owed by group undertakings within one year	5,550,099	89,902
Amounts owed by group undertakings after more than one year	-	3,710,713
	<u>6,591,193</u>	<u>4,493,637</u>

11 Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	-	9,230
	<u>-</u>	<u>9,230</u>
Cash and cash equivalents	<u>-</u>	<u>9,230</u>

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	141,457	203,007
Amounts owed to group undertakings	136,054	83,843
Other creditors and accruals	6,456,010	4,061,804
Bank overdraft	6,731	-
	<u>6,740,252</u>	<u>4,348,654</u>

Included within amounts owed to group undertakings above is an unsecured trading balance of £nil (2014: £nil).

13 Deferred tax

The elements of unrecognised deferred tax are as follows:

	2015 £	2014 £
Fixed asset timing differences	2,689	16,097
Short term timing differences	3,736	4,690
Losses and other deductions	439,783	488,649
	<u>446,208</u>	<u>509,436</u>

Notes (continued)

14 Capital and reserves

Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
1 (2014: 5,500,001) ordinary shares of £1 each	1	5,500,001
	<hr/> 1	<hr/> 5,500,001
	<hr/> <hr/>	<hr/> <hr/>

During the year, the Company issued 2,200,000 £1 shares for £2,200,000 to Diaverum Holding UK Limited increasing the share capital from £5,500,001 to £7,700,001.

On 21 December 2015, at a meeting of the Board of Directors, the company reduced its share capital by way of solvency statement by:

- Reducing the Company's issued share capital by £7,700,000 from £7,700,001 comprising 7,700,000 ordinary shares of £1 each, to £1 comprising 1 ordinary shares of £1 each;
- Crediting the sum of £7,700,000 arising on the reduction to the profit and loss reserve of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Profit and loss reserves

	2015 £	2014 £
Opening balance	(5,265,235)	(3,691,490)
Capital reduction	7,700,000	-
Loss for the financial year	(2,431,144)	(1,573,745)
	<hr/>	<hr/>
Closing balance	3,621	(5,265,235)
	<hr/> <hr/>	<hr/> <hr/>

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 £	2014 £
Less than one year	78,634	78,634
Between one and five years	212,166	212,166
More than five years	117,242	149,126
	<hr/>	<hr/>
	408,042	439,926
	<hr/> <hr/>	<hr/> <hr/>

During the year £64,475 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £74,847).

Notes (continued)

16 Related parties

Identity of related parties with which the Company has transacted

The company has taken advantage of the exemption available under FRS 102 from disclosing transactions between wholly-owned subsidiaries or with their parent.

In the normal course of business the Company will transact at an arms-length basis with fellow members of the Group.

17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Diaverum Holding UK Limited, a company registered in the United Kingdom, whose immediate parent undertaking is Diaverum Holding S.a.r.l, a company incorporated in Luxembourg. The ultimate parent undertaking is Diaverum S.a.r.l, a company controlled by Bridgepoint Capital, who purchased the entire share capital from Gambro AB on 2 July 2007.

The smallest and largest group for which group financial statements are prepared are Diaverum Holding S.a.r.l. The financial statements of Diaverum Holding S.a.r.l may be obtained from the company's registered office, L-1331 Luxembourg, 65, Boulevard Grande-Duchesse Charlotte, RCS Luxembourg B 68.235.

18 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.